

1966  
ANNUAL  
REPORT



*file*  
VULCAN CORPORATION



# OFFICERS OF VULCAN CORPORATION

As of December 31, 1966



J. W. Brown  
Chairman of the Board

J. W. BROWN  
*Chairman of the Board*  
LAWRENCE B. AUSTING  
*President*  
LAWRENCE G. BUDKE  
*Vice-President and Treasurer*  
JAMES P. FLAUGHER  
*Vice-President and Secretary*

ERIC V. NELSON  
*Vice-President*  
W. E. NICHOLS  
*Vice-President*  
STANLEY A. SHEBUSKI  
*Vice-President*  
WALLACE H. PEARSON  
*Controller*

Changes Effective January 1, 1967

LAWRENCE G. BUDKE  
*Retired as V.-P.—Treasurer*  
WALLACE H. PEARSON  
*Became Treasurer*  
GLEASON W. LUNN  
*Became Controller*

VERNON E. BACHMAN  
*Became Assistant Secretary*  
HELEN A. FIELDS  
*Became Assistant Secretary*  
JOSEPH GLENDYE, JR.  
*Became Assistant Treasurer*



Lawrence B. Austing  
President

## DIRECTORS

J. W. BROWN\*  
*Chairman of the Board*  
*Vulcan Corporation*

RAY R. BROWN  
*Industrial Realtor*

WILLIAM T. CRUTCHFIELD  
*W. E. Hutton Company*

J. HOWARD FRAZER  
*Treasurer*  
*Cincinnati Transit Company*

LAWRENCE B. AUSTING\*  
*President*  
*Vulcan Corporation*

LAWRENCE G. BUDKE  
*Vice-President, Treasurer*  
*Vulcan Corporation*

SELDEN F. HIGH  
*President*  
*Sullivan Electric Co.*

FRED A. DOWD  
*Chairman of the Board*  
*The First National Bank of Cincinnati*

LLOYD I. MILLER†  
*Chairman of the Board*  
*Cincinnati Transit Company*

BENJAMIN GETTLER  
*Partner*  
*Brown & Gettler*

JOSEPH B. REYNOLDS\*  
*Partner*  
*Benj. D. Bartlett & Co.*

WALDO E. PIERSON  
*Director Emeritus*

\*Executive Committee

†Chairman of Executive Committee

### STOCK TRANSFER AGENT

The First National Bank of Cincinnati

### REGISTRAR

The Central Trust Company of Cincinnati

### AUDITORS

J. D. Cloud & Company, Cincinnati, Ohio  
Wipfli, Ullrich & Company, Wausau, Wisconsin  
Clarkson, Gordon & Co., Kitchener, Canada

### LEGAL COUNSEL

Brown & Gettler, Cincinnati, Ohio

## HIGHLIGHTS OF 1966

	1965	1966	% Change
Net Sales	\$11,813,997	\$15,002,912	+27.0
Net Earnings	491,811	796,047	+61.9
After Taxes			
Earnings per Share Common	1.00	1.65	+65.0
Common Dividends per Share	.35	.57½	+64.3
Net Working Capital	2,859,156	4,100,376	+43.4
Shareholders Equity	9.77	10.55	+ 8.0

# VULCAN CORPORATION

Fashion advertising in National Magazines featuring Lasts and Heels is identified by the combined VULCAN/MEARS corporate design shown.





## *To the Shareholders*

*Acquisition of The Canada Last Company, Ltd., Preston, Ontario—Represented Vulcan's first investment in international business. Pictured at this historic event seated L to R: H. T. Hartshorn, Owner, now Vice President Canada Last; L. B. Austing, President Vulcan; A. D. Iredale, Owner, now President Canada Last. Standing: James Ross, Stylist Canada Last; J. W. Brown, Chairman Vulcan; C. M. Iredale, Chairman Canada Last, now deceased; J. P. Flaughner, Vulcan Vice President and Secretary.*



The momentum of growth and internal development evident in Vulcan throughout the 60's accelerated in 1966. Added to the activity created by substantially increased sales and profits reported throughout the year were three major acquisitions that extended Vulcan's operating frontiers into Canada and also improved the domestic sales and manufacturing base.

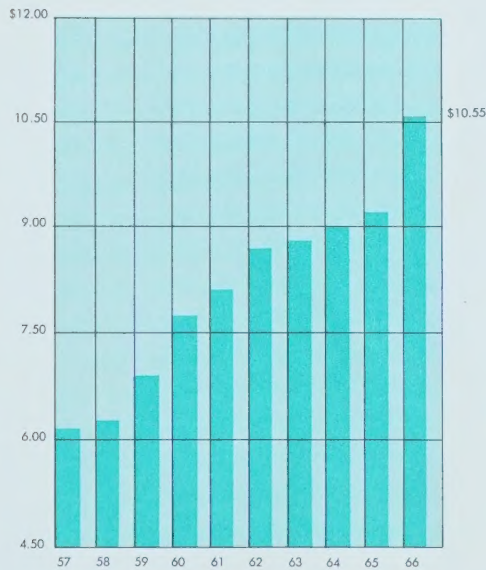
Most Vulcan products traditionally made of wood until a few years ago have now been converted to plastic. As a natural aftermath of the increased emphasis on plastic the need for timber and lumber diminished permitting withdrawal from costly commercial sawmill operations. Thus Vulcan, having shed its wood heritage in favor of 20th Century materials, enters 1967 with operations spanning the North American Continent from east to west—north to south, in motion—prepared for progress—alert for new opportunities.

## 10-YEAR RECORD

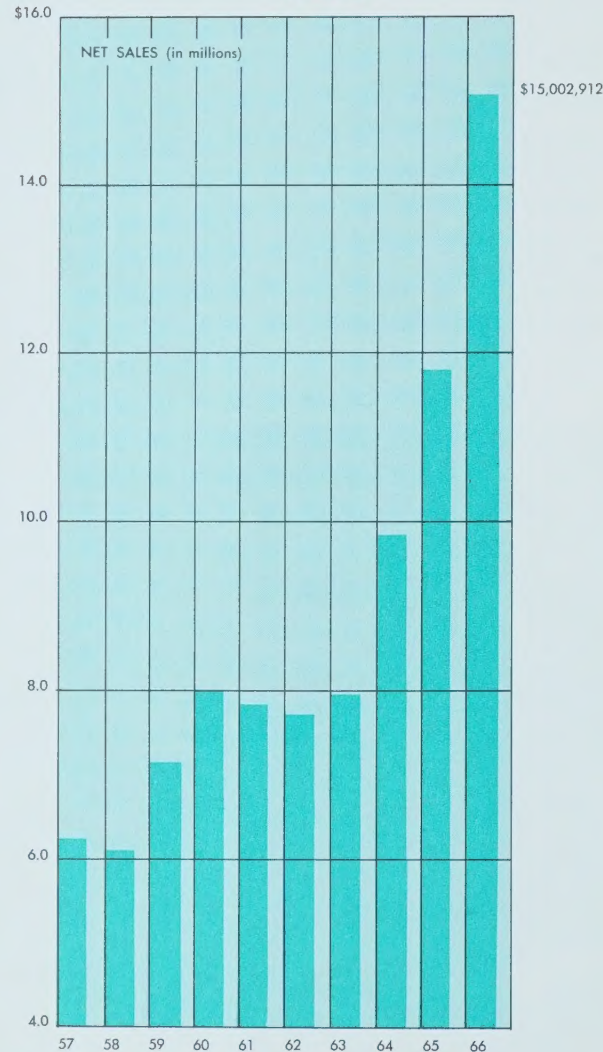
### EARNINGS

Profits for the year, after taxes, were \$796,047, which amounts to \$1.65 per share on the common stock, after payment of dividends on the preferred stock. This compares to earnings of \$491,811 or \$1.00 per share in 1965.

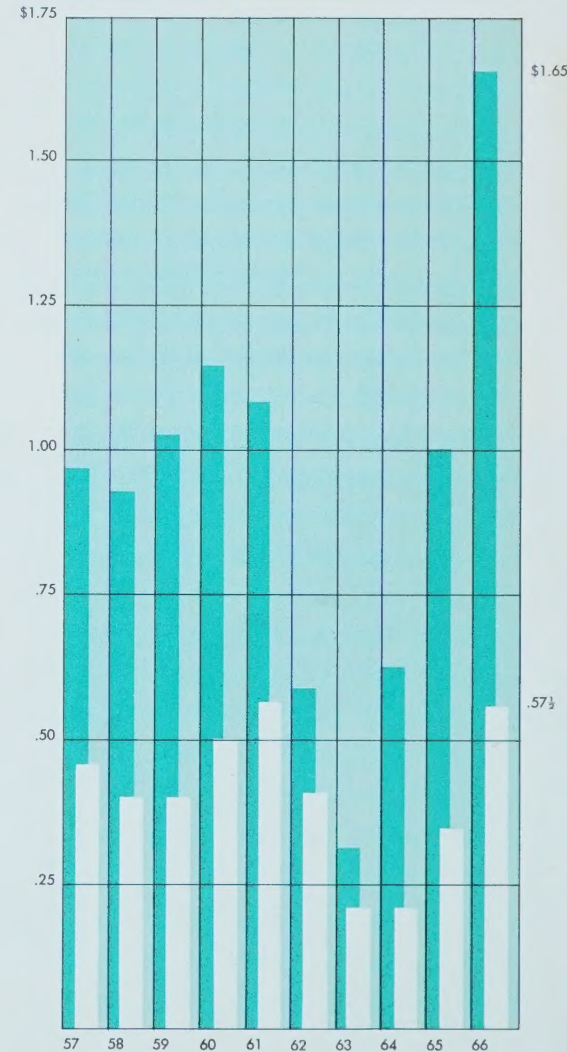
### SHAREHOLDERS EQUITY



### SALES

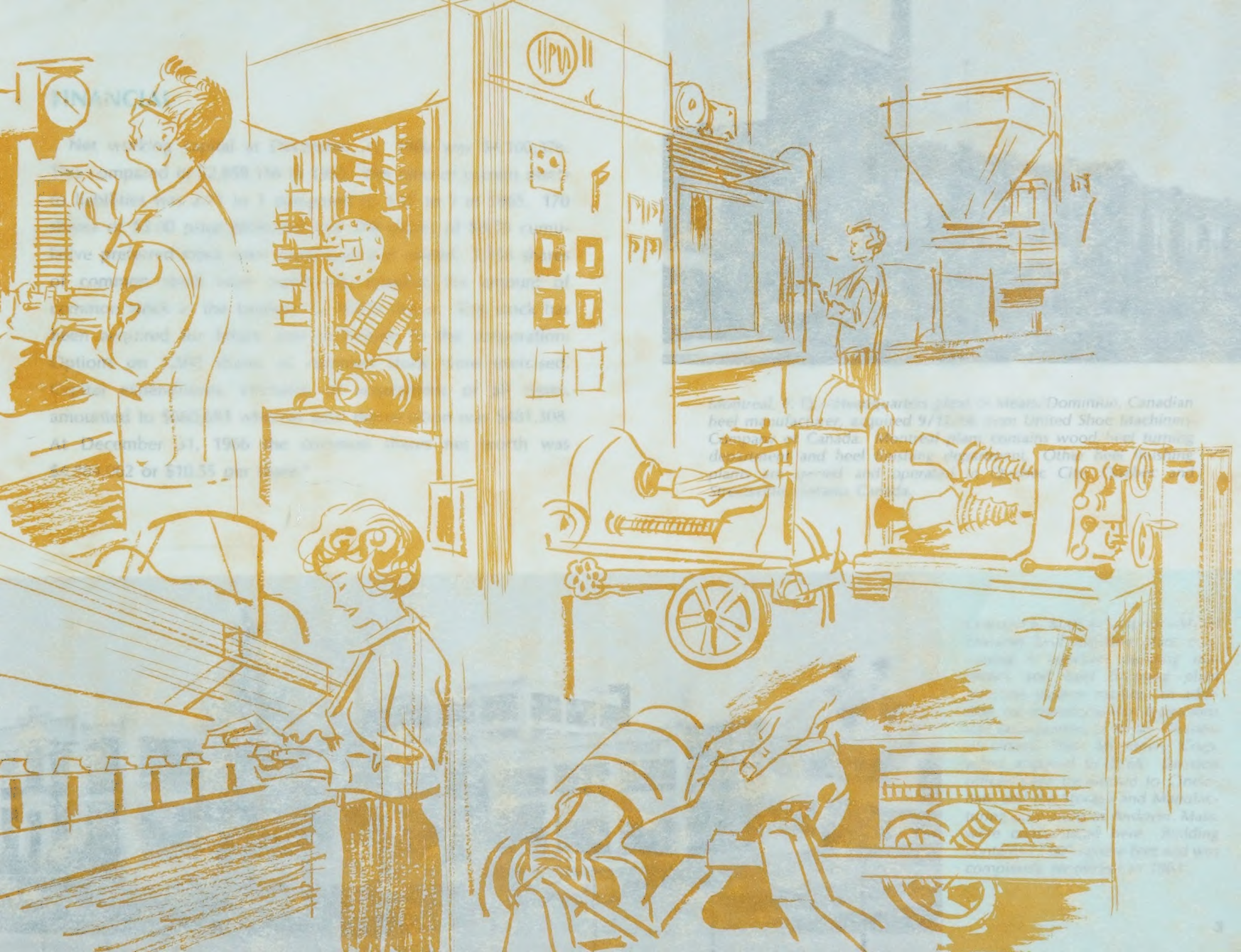


### EARNINGS



■ Earnings per common share after normal preferred dividends.  
□ Dividends declared on common stock.






Shoemaker's workshop in Meers, Dominion, Canadian  
heel machine, designed 9/12/61, from United Shoe Machinery  
Company, Canada. The machine contains wood, just turning  
down, and heel machine. Other machines, Clifton, Clifton  
Company, Canada.

COPYRIGHT 1961





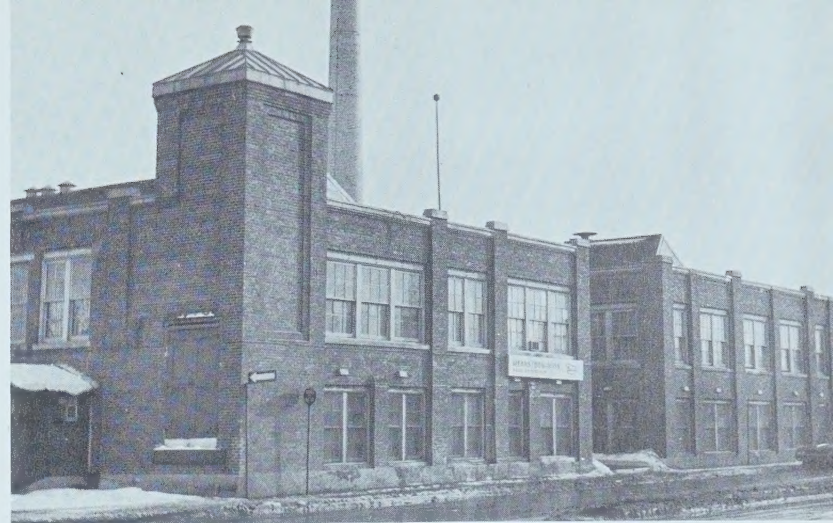
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## FINANCIAL

Net working capital at December 31, 1966 was \$4,100,376. This compared to \$2,859,156 in 1965. The ratio of current assets to liabilities was 2.71 to 1 compared to 3.37 to 1 in 1965. 170 shares of \$3.00 prior preferred and 376 shares of \$4.50 cumulative preferred stock were purchased and retired. 5,155 shares of common stock were purchased, bringing the amount of common stock in the treasury to 14,025 shares. This stock has been acquired for future uses of benefit to the corporation. Options on 1,500 shares of common stock were exercised. Capital expenditures, exclusive of acquisitions of all types, amounted to \$660,693 whereas total depreciation was \$481,308. At December 31, 1966 the common shares net worth was \$4,884,062 or \$10.55 per share.\*



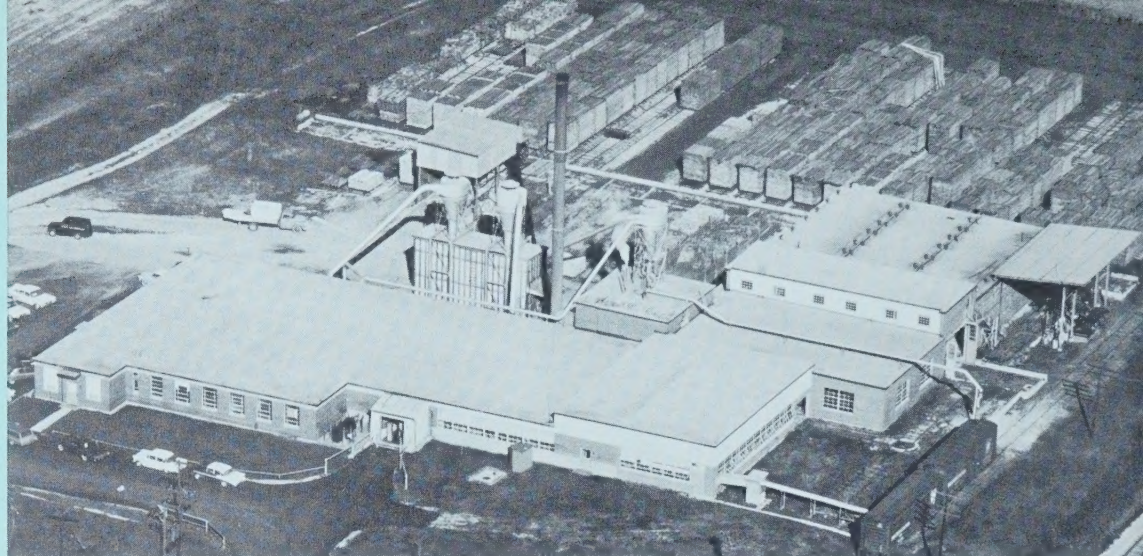
*Montreal, P. Q.—Headquarters plant of Mears/Dominion, Canadian heel manufacturer, acquired 9/12/66 from United Shoe Machinery Company of Canada. Montreal plant contains wood heel turning department and heel finishing department. Other heel finishing plants are owned and operated in Quebec City, Quebec and Streetsville, Ontario, Canada.*



*Lawrence, Massachusetts—Mears Division heel molding plant containing 9 injection molding machines and heel finishing plant servicing eastern market. In addition to manufacturing operations was headquarters of Mears Division of United Shoe Machinery Corp. when acquired 9/12/66. Division offices were transferred to Cincinnati, and the Storage and Manufacturing operations of Andover, Mass. were consolidated here. Building contains 77,000 square feet and was completely renovated in 1960.*



South Charleston, Ohio—Mears Division wood heel turning plant acquired in Mears purchase. 33,000 square foot building located on 26 acres was built in 1947. Less efficient Portsmouth, Ohio turning plant was closed 1/13/67 and production transferred to South Charleston.



Other Mears facilities acquired but not pictured in this report are a heel finishing plant in Hanover, Pennsylvania, Style Salons and Sales Offices in the Empire State Building and St. Louis and contractual finishing arrangements providing outlets in Miami, Florida, Lynn, Massachusetts and Auburn, Maine.

Kenton, Tennessee (below)—Mears Division heel molding plant containing 5 injection molding machines and plastic last plant with capacity in excess of 1,000 pairs per day acquired in Mears purchase. 42,200 square square foot plant located on 15 acres was built in 1963. Serves the South and West with plastic heels and lasts.



## FOREST PRODUCTS

Due to the scarcity of high quality timber in the area and the decreased need for lumber in our products the sawmill operations of the corporation at Donken, Michigan were terminated in May. The equipment was sold at auction in August. The mill building was destroyed by fire a few weeks later during the removal of the equipment. The sawmill property and timber tracts consisting of more than 35,000 acres of land on which cuttings were made from 1945 to the present date are being appraised and cruised so the most favorable disposition can be made of the properties.

## SHOE PRODUCTS

Three major acquisitions were reported during the year. They were:

April—The Canada Last Company, Ltd.,  
Preston, Ontario

September—Mears Division of United Shoe Machinery Corporation

Mears/Dominion, a Division of United Shoe Machinery Company of Canada, Ltd.

December—Great Western Heel Co., Inc.,  
Los Angeles, California



These acquisitions served the dual purpose of strengthening our domestic heel operations and entering us as a manufacturer in the international market for the first time. The Canada Last Company is the foremost producer of shoe lasts in Canada and Mears/Dominion the leading producer of heels. Both operations are staffed with good personnel and are well equipped.

The addition of the Mears Division heel operations and Great Western Heel Co., Inc. in the United States gives the corporation coast to coast heel production facilities and the opportunity to eliminate through consolidation some of the older, less efficient properties.

During the year the minority interest of United-Vulcan Heel Company, representing 20%, was also acquired, thus making it a wholly-owned subsidiary.

While the absorption of the above operations represents substantial growth and should have a significant effect on future sales and profits, the continuing program of plant and equipment improvement in existing operations has not been neglected. Major additions to building or equipment were made at our subsidiaries, Woodard and Wright Last Corp., George E. Belcher Company, The Canada Last Company, Ltd., United-Vulcan Heel Company and Mears Division plants in Lawrence, Massachusetts and Johnson City, New York, increasing either capacity or efficiency.

Dramatic advances in selling techniques have been made. Display salons for lasts and heels are now maintained in the Empire State Building, New York City, St. Louis, Lawrence, Massachusetts and Montreal, P.Q. Regional fashion presentations of last and heel styles coordinated with world-wide shoe creations were inaugurated and will be continued on a seasonal basis. These complement regular displays at leading trade shows, quarterly fashion publications and the individual selling effort of our sales staff.

The shoe industry produced at a record rate in 1966 and is expected to show further increases in 1967. Changing toe and heel shapes should assure good volume in both lasts and heels. The indicated business activity together with the acquisitions made in 1966 should result in substantial sales increases.

*Great Western Heel Co., Inc., Los Angeles—  
This company was acquired as a subsidiary  
in 1966. It finishes heels for the West Coast  
shoe industry.*

## WOOD PRODUCTS

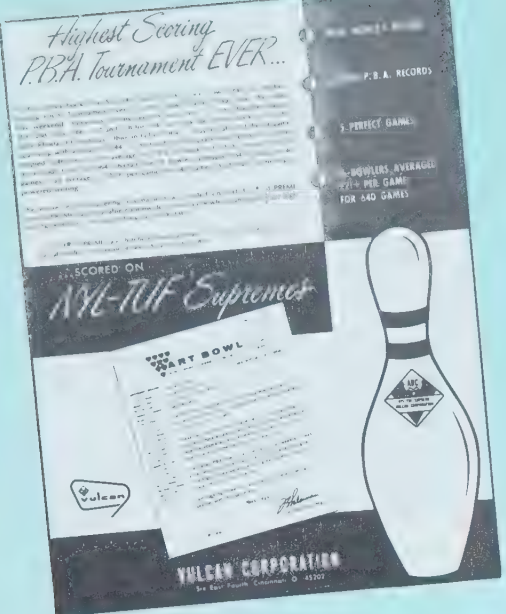
Domestic and export sales of the Vulcan Nyl-Tuf Supreme bowling pin increased in 1966 following the trend of the three previous years. Revenue from the lease program, now operated in three prime locations, also reached a new high.

During the year the Vulcan Nyl-Tuf Supreme bowling pin was used in many major tournaments, several of which were televised nationally. It continued to give distinguished performance both in high scores and durable service.

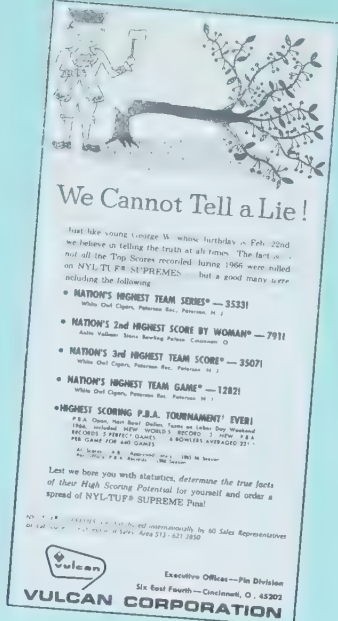
Anticipating further increases in pin sales during 1967, an addition to the pin coating building in Antigo, Wisconsin was begun towards the end of the year. This should increase capacity and efficiency as well.

The results of U. S. Bung were not up to expectation but there should be improvement in 1967.





Typical advertisements featuring Vulcan's NYL-TUF® SUPREME Bowling Pins in a series appearing regularly in National Bowling publications.



## NOTES AND COMMENTS

1966 was a record year in every respect. Un-  
tiring effort and dedication of purpose by the  
men and women who comprise Vulcan made the  
records possible. While attention in this report  
is focused on the more glamorous phases of busi-  
ness, namely, acquisitions, sales, profits and plant  
improvements, the less heralded program of per-  
sonnel development is the foundation on which  
all is built, and also the insurance of future  
progress.

Our suppliers also have been most helpful.  
By meeting delivery schedules with quality mate-  
rials, by furnishing technical assistance and  
service they have contributed to our progress.

Most important of all, however, is the confi-  
dence which our customers have exhibited in us  
by their support. This is an asset of far greater  
value than any shown on the balance sheet.

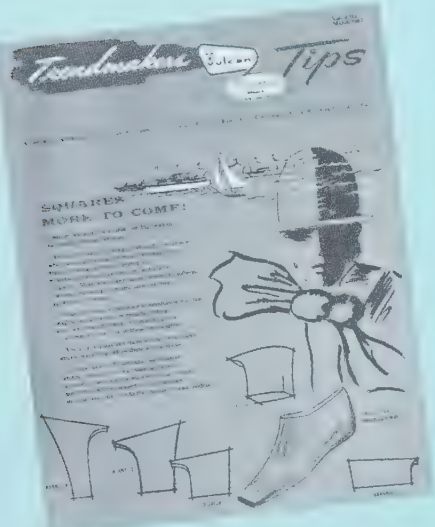
To each group we express appreciation for  
their respective contribution to the year's  
achievements.

*Respectfully submitted,*  
VULCAN CORPORATION

J. W. Brown  
*Chairman of the Board*

Lawrence B. Austing  
*President*

*By Order of the Board of Directors*



Sample issue of Vulcan's  
Quarterly Style Bulletin  
which features new Last  
and Heel Styles from  
Vulcan/Mears Styling  
Centers coordinated with  
fashion suggestions and  
shoe interpretations.



# VULCAN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

*For the years ended December 31, 1966 and December 31, 1965*

	1966	1965
Net Sales.....	\$15,002,912	\$11,813,997
Cost of Sales.....	<u>12,304,051</u>	<u>9,938,834</u>
Gross Profit.....	2,698,861	1,875,163
Selling, General and Administrative Expenses.....	<u>1,510,745</u>	<u>1,128,546</u>
Operating Income.....	1,188,116	746,617
Other Income, Net of Other Expenses.....	<u>182,965</u>	<u>89,075</u>
Net Income before Provision for Federal and State Income Taxes.....	<u>1,371,081</u>	<u>835,692</u>
State and Foreign Taxes on Income.....	52,034	23,881
Federal Taxes on Income.....	<u>523,000</u>	<u>320,000</u>
	<u>575,034</u>	<u>343,881</u>
Net Income.....	796,047	491,811
Retained Earnings—Beginning of Year.....	<u>4,018,967</u>	<u>3,720,699</u>
	<u>4,815,014</u>	<u>4,212,510</u>
Cash Dividends Paid—		
\$3.00 Prior Preferred—\$3.00 per share.....	7,974	8,411
\$4.50 Cumulative Preferred—\$4.50 per share.....	23,228	23,786
Common—\$ .57½ per share.....	<u>258,585</u>	<u>161,346</u>
	<u>289,787</u>	<u>193,543</u>
Retained Earnings—End of Year.....	<u>\$ 4,525,227</u>	<u>\$ 4,018,967</u>

The accompanying notes on Page 10 are an integral part of these statements.

# CONSOLIDATED BALANCE SHEET

At December 31, 1966

## ASSETS

	1966	1965
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 303,369	\$ 837,221
Marketable securities—at cost (approximate market value at December 31, 1966 \$48,000) .....	50,810	68,707
Accounts and notes receivable .....	3,091,955	1,785,800
Less—Reserve for doubtful accounts .....	51,984	57,270
	3,039,971	1,728,530
Inventories—at lower of cost or market .....	3,030,024	1,382,180
Prepaid insurance .....	74,650	49,661
	<u>6,498,824</u>	<u>4,066,299</u>
<b>TIMBERLANDS AND TIMBER CUTTING RIGHTS—at cost</b> .....	633,173	669,426
Less—Accumulated depletion .....	447,142	478,345
	<u>186,031</u>	<u>191,081</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land, buildings, machinery and equipment—at cost .....	6,864,349	5,364,178
Less—Accumulated depreciation .....	3,415,779	3,459,553
	<u>3,448,570</u>	<u>1,904,625</u>
<b>DEFERRED CHARGES AND OTHER ASSETS</b> .....	<u>234,822</u>	<u>82,616</u>
<b>MODELS AND PATTERNS—at nominal value</b> .....	<u>1</u>	<u>1</u>
<b>TOTAL</b> .....	<u>\$10,368,248</u>	<u>\$ 6,244,622</u>

The accompanying notes, P. 10. are an integral part of these statements.



# VULCAN CORPORATION AND SUBSIDIARIES

and December 31, 1965

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1966	1965
<b>CURRENT LIABILITIES:</b>		
Notes payable—bank .....	\$ 5,685	\$ 96,000
Accounts payable—		
Trade.....	987,314	451,877
Other.....	96,261	108,522
Accrued expenses.....	348,745	235,211
Accrued federal taxes on income.....	422,323	315,533
Current portion of long term debt.....	538,120	—
	<u>2,398,448</u>	<u>1,207,143</u>
<b>OTHER LIABILITIES.....</b>	<u>39,084</u>	<u>36,641</u>
<b>LONG TERM DEBT—(Note 6).....</b>	<u>2,508,164</u>	<u>—</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock		
\$3.00 Prior Preferred—stated value \$100.00 per share—		
Authorized 6,641 shares;		
Outstanding 2,625 shares—1966, 2,795 shares—1965.....	262,500	279,500
\$4.50 Cumulative Preferred—stated value \$55.00 per share—		
redemption or liquidation value \$100.00 per share—		
Authorized 13,281 shares;		
Outstanding 5,018 shares—1966, 5,394 shares—1965.....	275,990	296,670
Common—par value \$ .50 per share—		
Authorized 1,000,000 shares—		
Outstanding 463,066 shares—1966, 461,566 shares—1965.....	231,533	230,783
Capital surplus (Note 3).....	254,181	247,440
Retained earnings .....	4,525,227	4,018,967
	<u>5,549,431</u>	<u>5,073,360</u>
Less—Common stock in treasury—at cost		
14,025 shares—1966, 8,870 shares—1965.....	126,879	72,522
Total Shareholders' Equity.....	<u>5,422,552</u>	<u>5,000,838</u>
<b>TOTAL.....</b>	<u><u>\$10,368,248</u></u>	<u><u>\$ 6,244,622</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—The consolidated financial statements include the accounts of the parent company and all subsidiaries both in the United States and Canada. In consolidation all intercompany items and transactions have been eliminated.

NOTE 2—In 1966 the company acquired all of the capital stock of Great Western Heel Company (at December 31) and The Canada Last Company Limited (at April 1), and the United States and Canadian operating assets of the Mears Division of United Shoe Machinery Corporation (at September 12). For accounting purposes these actions were considered as purchases and accordingly, the accompanying consolidated statement of income includes the results of operations of the acquired businesses from the respective dates of acquisition.

NOTE 3—The increase in capital surplus during the year represents the excess of proceeds over the par value of common stock sold, totaling \$9,115, less the net excess of the cost of redemption of preferred stock over the stated value of the shares acquired amounting to \$2,374.

NOTE 4—At December 31, 1966 there were reserved for employees, under a stock option plan which terminated December 31, 1962, 6,650 shares of the common stock of the company (4,600 shares at \$6.25, 2,050 shares at \$6.95). During the year options for 1,500 shares were exercised. Options for 4,800 shares were currently exercisable, options for 1,850 shares may be exercised in 1967. Options expire ten years after date of issuance.

NOTE 5—Depreciation in the amount of \$481,308 and timber depletion in the amount of \$84,923 were charged to operations in 1966.

NOTE 6—Long term debt consisted of the following:

5½% notes due in 1969.....	\$1,548,314
6% note payable to bank in quarterly installments of \$19,530 less portion included in current liabilities.....	134,850
6½% note payable to bank in quarterly installments of \$115,000 less portion included in current liabilities.....	825,000
	<u>\$2,508,164</u>

### J. D. CLOUD & Co. CERTIFIED PUBLIC ACCOUNTANTS TRI-STATE BUILDING CINCINNATI MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

To the President and Board of Directors  
Vulcan Corporation  
Cincinnati, Ohio

We have examined the consolidated balance sheet of Vulcan Corporation and subsidiaries as of December 31, 1966 and the related consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made a similar examination for the preceding year.

In our opinion, the accompanying balance sheet and statement of income and retained earnings present fairly the consolidated financial position of Vulcan Corporation and subsidiaries at December 31, 1966 and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*J. D. Cloud & Co.*  
Certified Public Accountants

Cincinnati, Ohio  
March 7, 1967

Provisions of loan agreements relating to certain long term debts require the company, among other things, to maintain consolidated net working capital of at least \$2,000,000, to obtain the consent of the lenders to create any mortgage or lien upon assets, and to limit dividends to 50% of net income.

NOTE 7—The company and its subsidiaries occupy manufacturing and office space under various leases with approximate aggregate annual rentals as follows:

1967	\$108,000
1968	84,000
1969	79,000
1970 to 1974	203,000
	<u>\$474,000</u>











CIRCLES THE GLOBE

#### **LASTS & HEELS**

El Arbol, Mexico City, D.F.  
Plastic Last Licensee  
F. E. & J. Randall P/L, Australia  
Style Licensee  
The Canada Last Co., Ltd., Canada  
Subsidiary  
Mears / Dominion  
Division - Canada Last Co.

#### **BOWLING PINS**

Sanko Trading Co.	Japan
Mongkok Trading Corp.	Hong Hong
	Thailand
Universal Enterprise Co.	Formosa
Lindagenta	Sweden
Vermuelen & Verbeeck	Belgium
Keila-Tukku Ky	Finland

# SHOE PRODUCTS DIVISION

## SHOE LASTS

Blanchester, Ohio	Lasts	T. H. Stamm
Johnson City, New York	Lasts	R. P. Morrison
Kenton, Tennessee	Lasts	W. R. Stafford
Walnut Ridge, Arkansas	Lasts	L. S. Nichols

### Subsidiary Corporations

George E. Belcher Company Stoughton, Massachusetts	Lasts	M. R. Shields
Brockton Last Remodeling Corp. Stoughton, Massachusetts	Remodeled Lasts	M. R. Shields
The Canada Last Company, Ltd. Preston, Ontario	Lasts	A. D. Iredale
Morton Last Company Portsmouth, Ohio	Remodeled Lasts	L. L. Barringer
F. W. Stuart Co., Inc. Andover, Massachusetts	Last Sales	K. E. Holmes
Woodard and Wright Last Corp. East Bridgewater, Massachusetts	Lasts	R. C. Rhoades

## MEARS DIVISION — SHOE HEELS

Blanchester, Ohio	Plastic Heel Molding	M. Wade
Hanover, Pennsylvania	Heel Finishing	R. R. Small
Johnson City, New York	Heel Turning & Finishing	R. H. Watson
Kenton, Tennessee	Plastic Heel Molding	W. R. Stafford
Lawrence, Massachusetts	Plastic Heel Molding— Heel Finishing	E. H. Peabody
Portsmouth, Ohio	Heel Finishing	C. E. Bartlett
South Charleston, Ohio	Wood Heel Turning	C. E. Bartlett

### Subsidiary Corporations

Great Western Heel Co., Inc. Los Angeles, California	Heel Finishing	L. Milchen
United-Vulcan Heel Company Vandalia, Illinois Hartville, Missouri	Heel Turning & Finishing Heel Finishing	R. Adams P. P. Mulcahy
Mears/Dominion—Heels Montreal, P. Q. Streetsville, Ontario Quebec, P. Q.	Heel Turning & Finishing Heel Finishing Heel Finishing	J. Bouchard P. Aylward H. Bonham R. Lefebvre

## STYLE SALONS AND SALES OFFICE

Empire State Building, New York

St. Louis, Missouri

Lawrence, Massachusetts

Montreal, P. Q.

## WOOD PRODUCTS DIVISION

Antigo, Wisconsin	Bowling Pins	F. Maly
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### Subsidiary Corporation

U. S. Bung Company Antigo, Wisconsin	Bungs, Small Turnings	F. Maly
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## FOREST PRODUCTS DIVISION

Donken, Michigan	Timber	S. A. Shebuski
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## RESEARCH & DEVELOPMENT

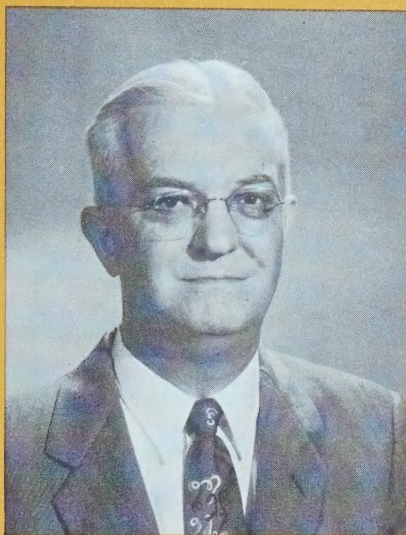
Cincinnati		C. J. Hunt
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## HEALTH AND SAFETY

Antigo		M. K. Bunten, R.N.
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EXECUTIVE — SALES — ENGINEERING OFFICES 6 EAST FOURTH STREET, CINCINNATI, OHIO





**Lawrence G. Budke**

*—an officer since becoming associated with Vulcan Corporation in 1945 and a Director since '57, retired January 1, '67. A Certified Public Accountant, Mr. Budke was Vice President and Treasurer at the time of his retirement. He will be available to the corporation in a consulting capacity*



## VULCAN CORPORATION

SIX EAST FOURTH, CINCINNATI, OHIO 45202





